

## **2005 DRAFTING REQUEST**

### **Bill**

Received: **12/13/2004**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Ziegler**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Shared Revenue**

Extra Copies:

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Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

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### **Pre Topic:**

DOA:.....Ziegler, BB0306 -

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### **Topic:**

County levy restraint incentive and bonus program

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### **Instructions:**

See Attached

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*19 k/f 2/11*  
*2/1 p8*

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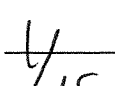
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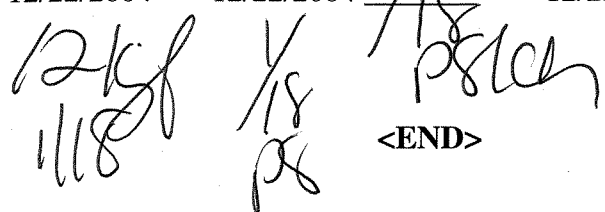
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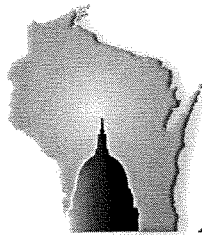
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FE Sent For:							

<END>

## 2005-07 Budget Bill Statutory Language Drafting Request

- Topic: County Levy Restraint Incentive & Bonus
- Tracking Code: BB 0306
- SBO team: Education, Workforce and Local Government Team
- SBO analyst: Paul Ziegler
  - Phone: 266-5468
  - Email: paul.ziegler@doa.state.wi.us
- Agency acronym: Shared Revenue and Tax Relief (SR)
- Agency number: 835



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JAMES E. DOYLE**  
GOVERNOR

**MARC J. MAROTTA**  
SECRETARY

Division of Executive Budget and Finance  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1736  
Fax (608) 267-0372  
TTY (608) 267-9629

**Date:** December 13, 2004

**To:** Steve Miller, Chief  
Legislative Reference Bureau

**From:** Paul Ziegler, Policy and Budget Analyst  
State Budget Office, DOA

**Subject:** Drafting request for 2005-07 Biennial Budget Bill

Please have the following item drafted for possible inclusion in the 2005-07 biennial budget bill:

Topic:

County Levy Restraint Incentive & Bonus

Drafting Request:

Create a County Levy Restraint Incentive Program (patterned after the similar municipal program for which a separate drafting request has also been submitted). The program will provide payments to counties for limiting the increase in their levies to no more than inflation plus 60% of the increase in the county's equalized value due to net new construction (paralleling the growth component in today's Expenditure Restraint Program under shared revenue). Payments will first be made under the new program in 2007. The amount appropriated shall be \$9 million (starting in FY08).

In addition, create a County Levy Restraint Bonus, to reward counties that levy below the maximum allowable levy for payments under the above county levy restraint incentive. Each qualifying county would receive a share of the amount available for the bonus payments based on its percent of all qualifying county levies under their respective limits. The initial funding would be \$5 million. Payments would begin in 2007 (FY08).

The attached pages give additional detail on how these programs could be drafted.

Please contact me at 266-5468 or by email at [paul.ziegler@doa.state.wi.us](mailto:paul.ziegler@doa.state.wi.us) with any questions.

Thank you.

**DRAFT \*\*\* For Discussion Purposes Only \*\*\***  
**County Levy Restraint Payment Proposal**

The following represents my thoughts on what the statutes to implement the proposal might look like.

The definitions in the sections creating the payments are critical. They should be reviewed to ensure that the levies are defined as intended.

\*\*\*\*\*

Section 1. Section 20.835 (1) (cf) is created to read:

✓ *County levy restraint payment.* Beginning in 2007, an amount sufficient to make payments to counties under s. 79.052 (4).

Section 2. Section 20.835 (1) (ch) is create to read:

✓ *County levy restraint bonus payment.* Beginning in 2007, an amount sufficient to make payments to counties under s. 79.052 (5).

Section 3. Section 79.01 (1<sup>5</sup>) is created to read:

✓ There is established an account in the general fund entitled the "County Levy Restraint Program Account." There shall be appropriated to that account \$9,000,000 in 2007 and in each year thereafter.

Section 4. Section 79.01 (1<sup>6</sup>) is created to read:

✓ There is established an account in the general fund entitled the "County Levy Restraint Bonus Program Account." There shall be appropriated to that account \$5,000,000 in 2007 and in each year thereafter.

Section 5. Section 79.015 is amended to read:

✓ The department of revenue, on or before September 15 of each year, shall provide to each municipality and county a statement of estimated payments to be made in the next calendar year to the municipality or county under ss. 79.03, 79.035, 79.04, 79.05, 79.052, 79.058, and 79.06.

Section 6. Section 79.02 (2) (b) is amended to read:

✓ Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall equal 15% of the municipality's or county's estimated payments under ss. 79.03, 79.035, 79.04, 79.058, and 79.06 and 100% of the municipality's estimated payments under s. 79.05, and 79.052.

Section 7: Section 79.043 (6) is created to read:

2  
✓ Except as provided under s. 79.02 (3) (c), for the distributions in 2005 and 2006, each county shall receive a payment under this section and s. 79.035 that is equal to the amount of the payment determined for the county under this section and s. 79.035 in 2004.

does it  
mlr(5)  
already  
work this

how does this work with 79.043(5) — county part of 79.043(5) doesn't belong in 79.043

should really  
be in 79.035!

under s. 73.10  
Section 8. Section 79.052 is created to read:

**79.052 County levy restraint program.**

(1) In this section:

(a) "County tax levy" means the sum for all municipalities in the county of the amounts reported as total county taxes levied on the statement of taxes filed with the department of revenue, excluding any taxes levied for county-operated schools for children with disabilities operated under s. 115.817.

(b) "County tax rate" means the county tax levy divided by the taxable value.

dept = DOR  
(c) "Inflation factor" means a percentage equal to the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor, for the 12 months ending on September 30 of the year before the statement under s. 79.015.

(d) "Maximum allowable levy" means the county tax levy for the year before the statement under s. 79.015, as adjusted under sub. (6), multiplied by the sum of 1 plus the inflation factor ~~plus~~ the valuation factor, rounded to the nearest 0.01%.

(e) ~~"Taxable value" means the value determined under s. 70.57 excluding the value of tax increments under s. 66.1105.~~

(f) "Valuation factor" means a percentage equal to 60% of the percentage change in the county's equalized value due to new construction less improvements removed between the year before the statement under s. 79.015 and the previous year, but not less than zero nor greater than 2. see 79.05(1)(d)

(2) A county is eligible for a payment under sub. (4) if its county tax levy for the year of the statement under s. 79.015 is equal to or less than its maximum allowable levy.

(3) Annually, on November 1, the department of revenue shall certify the appropriate percentage change in the consumer price index that is to be used in the requirement under sub. (1) (c) to the joint committee on finance. why?

(4) Each county that qualifies under sub. (2) shall receive a payment calculated as follows:

(a) Start with the county property tax levy.

(c) Divide the amount under par. (a) by the total of the amounts under par. (a) for all counties that qualify.

(c) Multiply the amount under par. (b) by the amount for the year under s. 79.01 (1f).

(5) Each county that qualifies under sub. (2) shall receive a payment calculated as follows:

(a) Subtract the county tax levy from the maximum allowable levy.

(b) Divide the amount under par. (a) by the total of the amounts under par. (a) for all counties that qualify.

(c) Multiply the amount under par. (c) by the amount for the year under s. 79.01 (1h).

(6) (a) If a county transfers to another governmental unit responsibility for providing any service that the county provided in the preceding year, its levy for the preceding year shall be decreased to reflect the amount that the ~~municipality~~ <sup>county</sup> levied to provide that service, as determined by the department of revenue.

(b) If a county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit in any year, its levy

(5) <sup>Dept</sup> Empower of determining eligibility for and the amount of the projects under this section!

for the preceding year shall be increased to reflect the levy required to finance that service, as determined by the department of revenue.

(c) If a county's distribution under s. 79.043 (5) is decreased, its levy for the preceding year shall be increased to reflect the reduction in the distribution.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1231/1

JK: [signature]

12/23

DOA:.....Ziegler, BB0306 - County levy restraint incentive and bonus program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 12-14-04

D-N

new new construction

Do Not Gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

Under current law, the expenditure restraint program provides an annual state aid payment to any municipality that has a property tax rate greater than 5 mills and that limits the growth of its municipal budget according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of ~~the property~~ located in the municipality and on the rate of inflation.

This bill creates the county levy restraint program which provides annual state aid payments, beginning in 2007, to any county that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of ~~the property~~ located in the county and on the rate of inflation.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2 SECTION 1. 20.835 (1) (cf) of the statutes is created to read:

new construction

five

that is, that is

1           20.835 (1) (cf) *County levy restraint payment account*. Beginning in 2007, a  
2           sum sufficient to make the payments to counties under s. 79.052 (4) (a).  
3           *note: bud* SECTION 2. 20.835 (1) (cg) of the statutes is created to read:

4           20.835 (1) (cg) *County levy restraint bonus payment account*. Beginning in  
5           2007, a sum sufficient to make the payments to counties under s. 79.052 (4) (b).  
6           *note: bud* SECTION 3. 79.01 (5) of the statutes is created to read:

7           79.01 (5) There is established an account in the general fund entitled the  
8           "County Levy Restraint Payment Account." There shall be appropriated to that  
9           account \$9,000,000 in 2007 and in each year thereafter.

10          SECTION 4. 79.01 (6) of the statutes is created to read:

11          79.01 (6) There is established an account in the general fund entitled the  
12          "County Levy Restraint Bonus Payment Account." There shall be appropriated to  
13          that account \$5,000,000 in 2007 and in each year thereafter.

14          SECTION 5. 79.015 of the statutes is amended to read:

15          **79.015 Statement of estimated payments.** The department of revenue, on  
16          or before September 15 of each year, shall provide to each municipality and county  
17          a statement of estimated payments to be made in the next calendar year to the  
18          municipality or county under ss. 79.03, 79.035, 79.04, 79.05, 79.052, 79.058, and  
19          79.06.

20          History: 1981 c. 20, 61, 93; 1983 a. 27 ss. 1294, 2202 (45); 1985 a. 29; 1987 a. 27; 1989 a. 336; 1993 a. 16; 2001 a. 109; 2003 a. 33.

20          SECTION 6. 79.02 (2) (b) of the statutes is amended to read:

21          79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall  
22          equal ~~15%~~ 15 percent of the municipality's or county's estimated payments under ss.

1 79.03, 79.035, 79.04, 79.058, and 79.06 and ~~100%~~ 100 percent of the municipality's  
2 estimated payments under ~~s. ss.~~ 79.05 and 79.052.

History: 1983 a. 27; 1985 a. 29 ss. 1505p, 1505t, 3202 (46); 1985 a. 120; 1987 a. 27; 1989 a. 336; 1991 a. 307; 1993 a. 16; 1999 a. 150 s. 672; 2001 a. 109; 2003 a. 33, 170, 320.

3 **SECTION 7.** 79.052 of the statutes is created to read:

4 **79.052 County levy restraint program.** (1) DEFINITIONS. In this section:

5 (a) "County tax levy" means the sum for all municipalities in the county of the  
6 amounts reported as total county taxes levied on the statement of taxes filed with the  
7 department of revenue under s. 73.10, not including any taxes levied under s.  
8 115.817 (9).

9 (b) "County tax rate" means the county tax levy divided by the equalized  
10 assessed value of all property located in the county, as determined under s. 70.57,  
11 excluding the value of any tax increments under s. 66.1105.

12 (c) "Inflation factor" means a percentage equal to the average annual  
13 percentage change in the U.S. consumer price index for all urban consumers, U.S.  
14 city average, as determined by the U.S. department of labor, for the 12 months  
15 ending on September 30 of the year before the statement under s. 79.015.

16 (d) "Maximum allowable levy" means the county tax levy for the year before the  
17 statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of 1 plus  
18 the inflation factor and the valuation factor, rounded to the nearest 0.01 percent.

19 (e) "Valuation factor" means a percentage equal to 60 percent of the percentage  
20 change in the county's equalized value under s. 70.57 due to new construction less  
21 improvements removed between the year before the statement under s. 79.015 and  
22 the previous year, but not less than zero nor greater than 2.

1 (2) ELIGIBILITY. A county is eligible to receive a payment under sub. (4) if the  
2 county's county tax levy for the year of the statement under s. 79.015 is no greater  
3 than the county's maximum allowable levy.

4 (3) CONSUMER PRICE INDEX. Annually, on November 1, the department of  
5 revenue shall certify to the joint committee on finance the appropriate percentage  
6 change in the consumer price index that is to be used to determine the inflation  
7 factor.

8 (4) PAYMENTS. (a) Beginning in 2007, each county that is eligible under sub.  
9 (2) shall receive a payment calculated by the department of revenue as follows:

10 1. Determine the county tax levy for the county.

11 2. Divide the amount determined under subd. 1. by the total of the amounts  
12 under subd. 1. for all counties that are eligible for a payment under sub. (2).

13 3. Multiply the amount determined under subd. 2. by \$9,000,000.

14 (b) Each county that is eligible under sub. (2) shall receive an additional  
15 payment calculated by the department of revenue as follows:

16 1. Subtract the county tax levy, as determined under under par. (a) 1., from the  
17 county's maximum allowable levy.

18 2. Divide the amount determined under subd. 1. by the total of the amounts  
19 under subd. 1. for all counties that are eligible for a payment under sub. (2).

20 3. Multiply the amount determined under subd. 2. by \$5,000,000.

21 (5) ADJUSTMENTS. For purposes of determining eligibility for and the amount  
22 of the payments under this section:

23 (a) If a county transfers to another governmental unit responsibility for  
24 providing any service that the county provided in the preceding year, its county tax

1 levy for the preceding year shall be decreased to reflect the amount that the county  
2 levied to provide that service, as determined by the department of revenue.

3 (b) If a county increases the services that it provides by adding responsibility  
4 for providing a service transferred to it from another governmental unit in any year,  
5 its county tax levy for the preceding year shall be increased to reflect the cost of that  
6 service, as determined by the department of revenue.

7 (c) If in any year a county's distribution under sub. (4) (b) is less than the  
8 county's distribution under sub. (4) (b) in the previous year, the county's county tax  
9 levy for the preceding year shall be increased to reflect the reduction in the  
10 distribution.

11 (END)

D-Note

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1231/1dn

JK: [Signature]

*Date*

Paul:

Please review this draft carefully to ensure that it is consistent with your intent. I did not create s. 79.043 (6) as suggested in the instructions because it seems to be redundant with s. 79.043 (5) under current law. Please note, however, that the part of s. 79.043 (5) that addresses payments to counties should probably be in s. 79.035, not in s. 79.043. Please contact me if you have any questions.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1231/1

JK:kjf:pt

1/18 or  
1/19

RMR

DOA:.....Ziegler, BB0306 - County levy restraint incentive and bonus program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1-18-05

Do Not Gen

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

Under current law, the Expenditure Restraint Program provides an annual state aid payment to any municipality that has a property tax rate greater than five mills and that limits the growth of its municipal budget according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the municipality and on the rate of inflation.

This bill creates the County Levy Restraint Program which provides annual state aid payments, beginning in 2007, to any county that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the county and on the rate of inflation.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 20.835 (1) (cf) of the statutes is created to read:

2           20.835 (1) (cf) *County levy restraint payment account.* Beginning in 2007, a  
3 sum sufficient to make the payments to counties under s. 79.052 (4) (a).

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

4           **SECTION 2.** 20.835 (1) (cg) of the statutes is created to read:

5           20.835 (1) (cg) *County levy restraint bonus payment account.* Beginning in  
6 2007, a sum sufficient to make the payments to counties under s. 79.052 (4) (b).

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

7           **SECTION 3.** 79.01 (5) of the statutes is created to read:

8           79.01 (5) There is established an account in the general fund entitled the  
9 “County Levy Restraint Payment Account.” There shall be appropriated to that  
10 account \$9,000,000 in 2007 and in each year thereafter.

11          **SECTION 4.** 79.01 (6) of the statutes is created to read:

12          79.01 (6) There is established an account in the general fund entitled the  
13 “County Levy Restraint Bonus Payment Account.” There shall be appropriated to  
14 that account \$5,000,000 in 2007 and in each year thereafter.

15          **SECTION 5.** 79.015 of the statutes is amended to read:

16          **79.015 Statement of estimated payments.** The department of revenue, on  
17 or before September 15 of each year, shall provide to each municipality and county  
18 a statement of estimated payments to be made in the next calendar year to the  
19 municipality or county under ss. 79.03, 79.035, 79.04, 79.05, 79.052, 79.058, and  
20 79.06.

21          **SECTION 6.** 79.02 (2) (b) of the statutes is amended to read:

Sec. #. or, 79.035(2)(b)  
Insert 5-7

1 79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall  
2 equal ~~15%~~ 15 percent of the municipality's or county's estimated payments under ss.  
3 79.03, 79.035, 79.04, 79.058, and 79.06 and ~~100%~~ 100 percent of the municipality's  
4 estimated payments under s. ss. 79.05 and 79.052. *or county's*

5 SECTION ~~79.052~~ 79.052 of the statutes is created to read:

6 **79.052 County levy restraint program.** (1) DEFINITIONS. In this section:

7 (a) "County tax levy" means the sum for all municipalities in the county of the  
8 amounts reported as total county taxes levied on the statement of taxes filed with the  
9 department of revenue under s. 73.10, not including any taxes levied under s.  
10 115.817 (9).

11 (b) "County tax rate" means the county tax levy divided by the equalized  
12 assessed value of all property located in the county, as determined under s. 70.57,  
13 excluding the value of any tax increments under s. 66.1105.

14 (c) "Inflation factor" means a percentage equal to the average annual  
15 percentage change in the U.S. consumer price index for all urban consumers, U.S.  
16 city average, as determined by the U.S. department of labor, for the 12 months  
17 ending on September 30 of the year before the statement under s. 79.015.

18 (d) "Maximum allowable levy" means the county tax levy for the year before the  
19 statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of one  
20 plus the inflation factor and the valuation factor, rounded to the nearest 0.01 percent.

21 (e) "Valuation factor" means a percentage equal to 60 percent of the percentage  
22 change in the county's equalized value under s. 70.57 due to new construction less  
23 improvements removed between the year before the statement under s. 79.015 and  
24 the previous year, but not less than zero nor greater than 2.

1           (2) ELIGIBILITY. A county is eligible to receive a payment under sub. (4) if the  
2 county's county tax levy for the year of the statement under s. 79.015 is no greater  
3 than the county's maximum allowable levy.

4           (3) CONSUMER PRICE INDEX. Annually, on November 1, the department of  
5 revenue shall certify to the joint committee on finance the appropriate percentage  
6 change in the consumer price index that is to be used to determine the inflation  
7 factor.

8           (4) PAYMENTS. (a) Beginning in 2007, each county that is eligible under sub.  
9 (2) shall receive a payment calculated by the department of revenue as follows:

10           1. Determine the county tax levy for the county.

11           2. Divide the amount determined under subd. 1. by the total of the amounts  
12 under subd. 1. for all counties that are eligible for a payment under sub. (2).

13           3. Multiply the amount determined under subd. 2. by \$9,000,000.

14           (b) Each county that is eligible under sub. (2) shall receive an additional  
15 payment calculated by the department of revenue as follows:

16           1. Subtract the county tax levy, as determined under par. (a) 1., from the  
17 county's maximum allowable levy.

18           2. Divide the amount determined under subd. 1. by the total of the amounts  
19 under subd. 1. for all counties that are eligible for a payment under sub. (2).

20           3. Multiply the amount determined under subd. 2. by \$5,000,000.

21           (5) ADJUSTMENTS. For purposes of determining eligibility for and the amount  
22 of the payments under this section:

23           (a) If a county transfers to another governmental unit responsibility for  
24 providing any service that the county provided in the preceding year, its county tax

1 levy for the preceding year shall be decreased to reflect the amount that the county  
2 levied to provide that service, as determined by the department of revenue.

3 (b) If a county increases the services that it provides by adding responsibility  
4 for providing a service transferred to it from another governmental unit in any year,  
5 its county tax levy for the preceding year shall be increased to reflect the cost of that  
6 service, as determined by the department of revenue.

7 <sup>79.035(b)</sup> ~~(2)~~ <sup>(b)</sup> If in any year a county's distribution under ~~sub. (4)(b)~~ <sup>this section</sup> is less than the  
8 county's distribution under ~~sub. (4)(b)~~ in the previous year, the county's county tax  
9 levy for the preceding year shall be increased to reflect the reduction in the  
10 distribution.

11 (END)

*distribution in  
For the distribution in  
> 2005 and subsequent years,*

*INSERT  
5-7*

*P. 3 to move*

**NOTE**

20 January 2005

To: Audra Brennan, Dennis Collier

From: Daniel Huegel

Subject: Comments on LRB-1231/2 (County Levy Restraint Payment)

I have the following comments on the draft:

Section 7 (Page 3, Lines 5 to 9) should be eliminated. The language would freeze distributions to counties under the county and municipal aid program, which is not our intent. Our intent is, for purposes of the payment, to hold counties "harmless" if the state reduces payments under the county and municipal aid program. (In effect, counties would be permitted to increase their levies to make whole any loss in county and municipal aid, with no effect on their eligibility for the proposed county levy restraint payment.)

In order to have counties held "harmless" for reductions in their "shared revenue" (now called county and municipal aid) payments, the following language should be added after Page 5, Line 10:

(c) If in any year a county's distribution under s. 79.043 (5) is less than the county's distribution under s. 79.043 (5) in the previous year, the county's maximum allowable levy shall be increased to reflect the reduction in the distribution.

If you have any questions on these concerns, please e-mail or call me.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1231/2

JK:kjf:gg

1/20 or 1/21

RMR

13

DOA:.....Ziegler, BB0306 - County levy restraint incentive and bonus program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-20-05  
D-N

Do Not Gen

1 AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

Under current law, the Expenditure Restraint Program provides an annual state aid payment to any municipality that has a property tax rate greater than five mills and that limits the growth of its municipal budget according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the municipality and on the rate of inflation.

This bill creates the County Levy Restraint Program which provides annual state aid payments, beginning in 2007, to any county that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the county and on the rate of inflation.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1       **SECTION 1.** 20.835 (1) (cf) of the statutes is created to read:

2       20.835 (1) (cf) *County levy restraint payment account.* Beginning in 2007, a  
3       sum sufficient to make the payments to counties under s. 79.052 (4) (a).

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

4       **SECTION 2.** 20.835 (1) (cg) of the statutes is created to read:

5       20.835 (1) (cg) *County levy restraint bonus payment account.* Beginning in  
6       2007, a sum sufficient to make the payments to counties under s. 79.052 (4) (b).

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

7       **SECTION 3.** 79.01 (5) of the statutes is created to read:

8       79.01 (5) There is established an account in the general fund entitled the  
9       “County Levy Restraint Payment Account.” There shall be appropriated to that  
10      account \$9,000,000 in 2007 and in each year thereafter.

11      **SECTION 4.** 79.01 (6) of the statutes is created to read:

12      79.01 (6) There is established an account in the general fund entitled the  
13      “County Levy Restraint Bonus Payment Account.” There shall be appropriated to  
14      that account \$5,000,000 in 2007 and in each year thereafter.

15      **SECTION 5.** 79.015 of the statutes is amended to read:

16      **79.015 Statement of estimated payments.** The department of revenue, on  
17      or before September 15 of each year, shall provide to each municipality and county  
18      a statement of estimated payments to be made in the next calendar year to the  
19      municipality or county under ss. 79.03, 79.035, 79.04, 79.05, 79.052, 79.058, and  
20      79.06.

21      **SECTION 6.** 79.02 (2) (b) of the statutes is amended to read:

79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall equal ~~15%~~ 15 percent of the municipality's or county's estimated payments under ss. 79.03, 79.035, 79.04, 79.058, and 79.06 and ~~100%~~ 100 percent of the municipality's or county's estimated payments under s. ss. 79.05 and 79.052.

~~SECTION 7. 79.035 (2) (b) of the statutes is created to read:~~

79.035 (2) (b) For the distribution in 2005 and subsequent years, if in any year a county's distribution under this section is less than the county's distribution under this section in the previous year, the county's county tax levy for the preceding year shall be increased to reflect the reduction in the distribution.

~~SECTION 8.~~ 79.052 of the statutes is created to read:

**79.052 County levy restraint program. (1) DEFINITIONS.** In this section:

(a) "County tax levy" means the sum for all municipalities in the county of the amounts reported as total county taxes levied on the statement of taxes filed with the department of revenue under s. 73.10, not including any taxes levied under s. 115.817 (9).

(b) "County tax rate" means the county tax levy divided by the equalized assessed value of all property located in the county, as determined under s. 70.57, excluding the value of any tax increments under s. 66.1105.

(c) "Inflation factor" means a percentage equal to the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor, for the 12 months ending on September 30 of the year before the statement under s. 79.015.

(d) "Maximum allowable levy" means the county tax levy for the year before the statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of one plus the inflation factor and the valuation factor, rounded to the nearest 0.01 percent.

1 (e) "Valuation factor" means a percentage equal to 60 percent of the percentage  
2 change in the county's equalized value under s. 70.57 due to new construction less  
3 improvements removed between the year before the statement under s. 79.015 and  
4 the previous year, but not less than zero nor greater than 2.

5 (2) ELIGIBILITY. A county is eligible to receive a payment under sub. (4) if the  
6 county's county tax levy for the year of the statement under s. 79.015 is no greater  
7 than the county's maximum allowable levy.

8 (3) CONSUMER PRICE INDEX. Annually, on November 1, the department of  
9 revenue shall certify to the joint committee on finance the appropriate percentage  
10 change in the consumer price index that is to be used to determine the inflation  
11 factor.

12 (4) PAYMENTS. (a) Beginning in 2007, each county that is eligible under sub.  
13 (2) shall receive a payment calculated by the department of revenue as follows:

14 1. Determine the county tax levy for the county.

15 2. Divide the amount determined under subd. 1. by the total of the amounts  
16 under subd. 1. for all counties that are eligible for a payment under sub. (2).

17 3. Multiply the amount determined under subd. 2. by \$9,000,000.

18 (b) Each county that is eligible under sub. (2) shall receive an additional  
19 payment calculated by the department of revenue as follows:

20 1. Subtract the county tax levy, as determined under par. (a) 1., from the  
21 county's maximum allowable levy.

22 2. Divide the amount determined under subd. 1. by the total of the amounts  
23 under subd. 1. for all counties that are eligible for a payment under sub. (2).

24 3. Multiply the amount determined under subd. 2. by \$5,000,000.

(5) ADJUSTMENTS. For purposes of determining eligibility for and the amount of the payments under this section:

(a) If a county transfers to another governmental unit responsibility for providing any service that the county provided in the preceding year, its county tax levy for the preceding year shall be decreased to reflect the amount that the county levied to provide that service, as determined by the department of revenue.

(b) If a county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit in any year, its county tax levy for the preceding year shall be increased to reflect the cost of that service, as determined by the department of revenue.

**(END)**

(c) If in any year a county's distribution under s. 79.043(5) is less than the county's distribution under s. 79.043(5) in the previous year, the county's maximum allowable levy shall be increased to reflect the <sup>reduction</sup> reduction in the distribution.

## Q-Note

1231/3oly  
Vlc: kjf

Date

Paul:

This version of the draft is based on the  
comments from Dan Huegel<sup>je</sup> at DOR.

Vlc

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1231/3dn  
JK:kjfrs

January 20, 2005

Paul:

This version of the draft is based on the comments from Dan Huegel at DOR.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us

1231

**Kreye, Joseph**

---

**From:** Ziegler, Paul  
**Sent:** Saturday, January 22, 2005 6:53 PM  
**To:** Kreye, Joseph  
**Subject:** FW: LRB Draft: 05-1231/3 County levy restraint incentive and bonus program



05-1231/3



05-1231/3dn

Joe -- Please increase the new county accounts in this draft as follows:  
Set the "basic" account (page 2, line 10) at \$30 million rather than \$9 million.  
Set the "bonus" account (page 2, line 14) at \$10 million rather than \$5 million.  
Thank you.

-----Original Message-----

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]  
Sent: Thursday, January 20, 2005 3:42 PM  
To: Ziegler, Paul  
Cc: Hanle, Bob; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica  
Subject: LRB Draft: 05-1231/3 County levy restraint incentive and bonus program

Following is the PDF version of draft 05-1231/3.